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Report From Munich: The Eleventh International Congress of Accountants

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From October 10 to 14, 1977, 6,378 persons of whom 3,629 were accountants gathered in Munich, Germany for the Eleventh International Congress of Accountants. They came from sixty-eight countries to take part in plenary sessions, study groups, excursions to various parts of Bavaria, and visits to the theater or the opera or to Munich beer cellars for folksong presentations. The attendance at this Congress was the largest at any of the international congresses of accountants, which began in St. Louis in 1904.

The Congress held in St. Louis was attended by 211 persons from four countries. These 211 persons felt the need for communication with accountants in other countries. It was not, however, until 1926 that the Second International Congress of Accountants was held in Amsterdam. This was followed by the Third Congress in New York City in 1929 and the Fourth Congress in London in 1933. The Fifth Congress was held in Berlin in 1938 and is reported to have been a dreary affair since it was felt that war was coming. The war did put a stop to international meetings for some years and it was not until 1952 that the Sixth Congress was held in London. In that year the pattern of holding the Congresses every five years began. The Seventh Congress was held in Amsterdam in 1957, the Eighth in New York in 1962, the Ninth in Paris in 1967, and the Tenth in Sydney, Australia in 1972. It is planned that the Twelfth Congress will be held in Mexico City in 1982.

"Accounting and Auditing in One World" was the theme of the Munich Congress. Dr. Otto Graff Lambsdorff of Germany said in his address at the opening session on October 11 that it becomes more and more difficult to establish a border between national and international questions. He is not pessimistic about the world economy, but pointed out that there are international problems that must be solved on the basis of solidarity and the will to cooperate.

One of the most important activities of the International Congresses of Accountants is the work that is done between the meetings. Professor A.S. Carrington of the University of New South Wales in Sydney, Australia said in the closing address at the Tenth International Congress of Accountants in 1972, "Congress is not a body either for undertaking research or for imposing solutions. Rather it provides a focus for consideration of research already un-

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The Eleventh International Congress of Accountants



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In addition to the Congresses, which are attended by accountants from all over the world, there are a number of regional groups. Plenary Session I was held in the afternoon of October 11 and was given over to the reports from six

groups. In these reports one finds a recurring theme - that of harmonization of international accounting guidelines. In his opening address at the Ninth International Congress of Accountants in Paris, France in 1967, the Congress President, F. M. Richard, said, "The development of international exchanges, the rise of multinational companies, the interdependence of international investments and money markets, make more necessary than ever a harmonization in the language of accounting and auditing principles, and as in other fields, this will, of necessity, be gradual.

"But if this work of harmonization is not undertaken by the accounting profession, then one day governments will take the initiative."²

The first report on October 11 was given by Dr. Reinhard Goerdeler, Chairman of the International Coordination Committee for the Accountancy Profession (ICCAP). ICCAP was formed in Sydney, Australia in 1972. In 1973 a plan was drawn up for an organization to be known as the International Federation of Accountants (IFAC). Work on the plan was com-

pleted a few days before the Congress opened in Munich, and on October 7, 1977, fifty-seven nations approved the establishment of IFAC. The broad objective of the new group is to develop a coordinated international accountancy profession with harmonized standards. ICCAP will be dissolved.

Andre Reydel, President, reported for Union of European Expert Accountants, Economists and Financiers. UEC was formed in 1951 and has a membership of twenty-seven organizations in nineteen European countries. UEC sponsors study conferences and has recently published an eight-language UEC Lexicon explaining accounting and business terms.

The report of the Confederation of Asian and Pacific Accountants (CAPA) was given by Gordon M. Macwhinnie of Hongkong, Chairman. CAPA conferences began in 1957 in Manila. CAPA has a membership of twenty-eight accounting institutes from twenty-one countries which range from developed to undeveloped.

Luis Maria Matheu of Buenos Aires, acting president, gave the report of the Interamerican Accounting Association (IAA). IAA began in 1949 in San Juan, Puerto Rico and has twenty-two member countries and a headquarters in Mexico. At the Twelfth Conference held in Vancouver in 1977, IAA considered inflation.

The European Economic Community was represented by its president, Dr. Gerardus J. Kramer of Holland, who reported on the Community's new study group that will review problems in EEC countries. Harmonization of company law is the current focus of the group's investigation.

The last report was made by Jack Cummings of the USA, Chairman of the International Accounting Standards Committee (IASC). IASC is a 53-nation independent and autonomous committee which has issued seven standards and one discussion memorandum. The International Federation of Accountants replaces the International Coordination Committee for the Accountancy Profession, but IASC will continue to issue pronouncements on international accounting standards. The IFAC agreement recognizes that the objectives of IASC and IFAC are interdependent and states that "the closest relationship should be maintained between the two groups."

Plenary Session II was held Wednesday, October 12. The topic, "Meeting

the needs of users of published financial statements," was discussed by leading personalities from the Commission of the European Communities, the Securities and Exchange Commission, the United Nations, and from industry, labor unions, and groups of financial analysts. It was pointed out that in meeting user needs it is necessary to identify the different classes of users and to identify the ways the users are making their decisions. After it is determined what the users need, a way must be found to supply the information. Forecasts were mentioned and it was stated that if published financial information is to meet the needs of users, cash flow forecasts will be required.

The question arose whether different information should be given to the different classes of users. The feeling of the panel seemed to be that companies cannot issue different information, but that not all of the information has to be given to every user.

The third and last Plenary Session was held on Thursday afternoon, October 13. The topic was "Accounting, forecasting, and consulting for manage-



ment use." The chairman of the panel, Philip L. Defliese, Chairman of the FASB task force on conceptual framework, USA, summarized what has been written in the area of management accounting. Other speakers spoke of the need to forecast future events and to relate profits to the cost of capital employed.

J. McKinnon of Scotland spoke briefly about the value added tax (VAT) statement. In this statement the attention of the reader is first focused on the sales of the company. The purchased goods and services are subtracted from the sales and the third item is the difference between the two. The real wealth of the company is thus disclosed, and the amount can be analyzed to show how much was paid to employees, how much was spent for interest, and the amounts distributed in other areas.³

Part of the program of the Congress consisted of seven study group sessions which were held on Thursday morning, October 13 and were repeated on Friday morning, October 14 so that each member of the Congress could attend two of the sessions. The sessions were conducted in German, English, French, and Spanish and each group had about twenty-five participants. The topics chosen were similar to those presented in the plenary sessions. Each group had a chairman and a secretary and a summary of the discussion was prepared for later use.

For women, Friday, October 14, was the busiest day at the Congress. Adding to the press of morning study groups, closing afternoon session and the banquet, was a luncheon especially for women. It was social in its intent, and friendly in its unfolding, but it also sparked the incentive to consider organizing at an international level.

The Eleventh International Congress of Accountants is now history. Most members of the Congress will be looking forward to meeting in Mexico City in 1982, but in the meantime regional meetings will be held and committees will spend long hours working toward the goal of accounting and auditing in one world.

FOOTNOTES

¹Book of Proceedings Tenth International Congress of Accountants, pp 353 and 354

²Ninth International Congress of Accountants, p. 15

³For further information on the value added tax see Mary Burnet, "Value Added - A Tax New to the United States" *"The Woman CPA"*, March, 1972.